

Message Text

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16

ACTION COME-00

INFO OCT-01 EA-11 ADP-00 AGR-20 CEA-02 CIAE-00 DODE-00

EB-11 FRB-02 H-02 INR-10 INT-08 L-03 LAB-06 NSAE-00

NSC-10 PA-03 RSC-01 AID-20 CIEP-02 SS-15 STR-08

TAR-02 TRSE-00 USIA-12 PRS-01 OMB-01 RSR-01 /152 W
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P 200840 Z JUN 73

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC PRIORITY 4693

UNCLAS SECTION 1 OF 2 TOKYO 7746

PASS TREASURY FOR WIDMAN

E. O. 11652: N/A

TAGS: EFIN, JA

SUBJ: JAPANESE EXPORT- IMPORT PRICE INDICES

REF: TOKYO A-478 MAY 23, 1973 TOKYO 6869 PARA 1 B

SUMMARY: IN EFFORT TO ASSIST WASHINGTON AGENCIES ANALYZE
TERMS OF TRADE AND OTHER EFFECTS OF SECOND YEN REVALUA-
TION, EMBASSY TRANSMITTING MOST RECENT INDICES OF EXPORT
AND IMPORT PRICES.

1. TWO SETS OF PRICE INDICES FOR EXPORTS AND IMPORTS ARE
COMPILED BY GOJ. INDICES PUBLISHED BY BANK OF JAPAN ARE
BASED ON YEN CONTRACTS FOR DELIVERY OF GOODS THREE TO SIX
MONTHS HENCE. THESE ARE CONSIDERED THE MORE RELIABLE
FIGURES AND ARE USUALLY ADOPTED IN ECONOMETRIC STUDIES OF
JAPANESE FOREIGN TRADE. BOJ ECONOMISTS CONCEDE THAT IN
LATE 1972 AND EARLY 1973 BEFORE YEN REVALUATION FACT THAT
EXPORTERS WERE QUOTING DOLLAR PRICES USING EXCHANGE RATES
RANGING FROM 270-290 YEN/ DOLLAR CREATED UPWARD BIAS IN
THE EXPORT PRICE INDEX. BELIEVE IMPORT INDEX RELATIVELY
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2. INDICES PUBLISHED BY MINISTRY OF FINANCE (CUSTOMS BUREAU) ARE BASED ON CUSTOMS DECLARATIONS FOR GOODS RECEIVED OR BEING EXPORTED. INDICES OF UNIT VALUES OF EXPORTS AND IMPORTS CALCULATED ON BASIS OF FISHER " IDEAL " FORMULA USING YEN VALUES. TRADE VOLUME INDICES ALSO SHOWN BELOW IN PARA 6 B CALCULATED AS RATIO OF VALUE INDEX TO UNIT VALUE INDEX.

3. SERIOUS DIFFICULTIES EXIST IN INTERPRETING RECENT EXPORT AND IMPORT PRICE CHANGES, AND THEREFORE IN FORECASTING FUTURE CHANGES. AFTER MID-1971 EXPORT AND IMPORT PRICE INDICES CALCULATED BY MOF AND THOSE CALCULATED BY BOJ SHOWED SIMILAR MOVEMENTS, BUT IN EARLY 73 THESE SETS OF STATISTICS ARE NOW SHOWING DIVERSE MOVEMENTS. BOJ STATISTICS FOR JAN- APR 73 SHOW YEN PRICES OF EXPORTS UP 1.8 PERCENT AND YEN PRICES OF IMPORTS DOWN 1.0 PERCENT. ON THE OTHER HAND, UNIT VALUE INDICES, WHICH GENERALLY CONSIDERED MUCH LESS RELIABLE, BASED ON CUSTOMS DECLARATIONS IN YEN SHOW 3.0 AND 1.5 PERCENT DECLINES, RESPECTIVELY, FOR EXPORTS AND IMPORTS FROM JAN TO APR 73. FURTHER INDICATION OF DIFFICULTIES ASSOCIATED WITH THESE INDICES IS DISCUSSED IN PARAS 24 AND 25 (INCLUDING FOOTNOTE NO. 1 PAGE 23) OF THE OECD/ EDRC 72-73 ANNUAL REVIEW OF JAPAN, EDR (73)12, DATED MAY 30, 1973. CHART NO. 9 IN EDR (73)12 DIAGRAMS, JUNE 12, 73, SHOWS IN FURTHER DETAIL MOVEMENTS OF THESE PRICE INDICES.

4. GOJ ECONOMISTS FRANKLY PUZZLED BY DIVERGENCE IN MOVEMENTS OF TWO DIFFERENT INDICES, ESPECIALLY DURING FEB- MAR YEN REVALUATION. SENIOR EPA OFFICIAL (SAKAMOTO) BELIEVES MOF INDICES PROBABLY A BETTER INDICATION OF MOVEMENTS IN EXPORT AND IMPORT PRICES IN TERMS OF YEN DURING THOSE MONTHS. DEFECT OF MOF INDICES (OF NOT BEING ABLE TO TAKE PROPER ACCOUNT OF KMGES IN QUALITY OF GOODS) PROBABLY MINIMAL OVER SHORT PERIOD. HE FEELS THAT BOJ PRICES OF NEW CONTRACTS ARE BETTER INDICATOR OF LONGER- TERM PRICE MOVEMENT OF TRADED GOODS. HE NOTES THAT IN APR MOF AND BOJ INDICES MOVED IN SAME DIRECTION; ALSO THAT BOJ INDEX FOR IMPORTS CONSISTENT WITH REUTER INDEX OF WORLD RAW MATERIAL PRICES. FINANTT BELIEVES THIS BEST INTERPRETATION OF THE STATISTICAL

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PROBLEM AMONG GOJ OFFICIALS DEALING WITH THESE INDICES.

5. FOLLOWING TABLES TRANSMIT BOTH SETS OF INDICES.
(A) MOF UNIT VALUE INDICES (1970-100) ARE FOR JAN- APR 73 PERIOD. EARLIER INDICES FOR SAME SERIES MAY BE FOUND IN MOF PUBLICATION ENTITLED " SUMMARY REPORT ON TRADE OF JAPAN." SINCE TABLE HEADINGS IN THIS PUBLICATION ARE IN JAPANESE,

REFERENCE IS MADE TO DEC 72 ISSUE, PAGES 14 AND 15 FOR FIGURES. IN LEFT COLUMN UNDER EACH CATEGORY IS INDEX 1970-100, WHEREAS RIGHT COLUMN IS INDEX FOR OLD BASE. IN ENCLOSED TABLES CATEGORIES LISTED TOP TO BOTTOM CORRESPOND TO JAPANESE HEADINGS FROM LEFT TO RIGHT IN MOF PUBLICATION. VOLUME INDICES ALSO SHOWN BELOW COVER SAME PERIOD, HAVE SAME BASE AND UTILIZE SAME CATEGORY DESCRIPTIONS AS UNIT VALUE INDICES. EARLIER INDICES OF VOLUME FIGURES MAY BE FOUND ON PAGES 21 AND 22 OF SAME PUBLICATION.

(B) BOJ CONTRACT PRICE (1970-100) ARE FOR JAN- MAY 73 PERIOD. EARLIER INDICES FOR SAME SERIES CAN BE FOUND IN BOJ PUBLICATION "ECONOMIC STATISTICS MONTHLY," PAGE 145. TOKYO A-478 COMPARED MOVEMENT IN INDICES FOLLOWING 1971 AND 1973 YEN REVALUATION.

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ACTION COME-00

INFO OCT-01 EA-11 ADP-00 AGR-20 CEA-02 CIAE-00 DODE-00

EB-11 FRB-02 H-02 INR-10 INT-08 L-03 LAB-06 NSAE-00

NSC-10 PA-03 RSC-01 AID-20 CIEP-02 SS-15 STR-08

TAR-02 TRSE-00 USIA-12 PRS-01 OMB-01 RSR-01 /152 W

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P 200840 Z JUN 73

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC PRIORITY 4694

UNCLAS SECTION 2 OF 2 TOKYO 7746

6(A) MOF INDICES: 1970-100

UNIT VALUE INDEX - 1973

EXPORTS:

JAN FEB MAR APR

OVERALL 101.7 102.1 96.8 98.7

FOOD 104.8 104.6 99.4 107.3

TEXTILES	95.7	95.7	90.1	93.7
CHEMICALS	88.6	87.8	84.4	88.1
NONMETALLIC MATERIALS	110.1	111.7	111.6	11.2
METALS	96.1	95.5	90.2	92.3
MACHINERY	106.0	106.9	101.7	101.9
MISCELLANEOUS	107.0	105.2	101.3	103.7

IMPORTS:

OVERALL	100.4	98.4	95.7	98.9
FOOD	105.8	104.0	99.1	103.9
TEXTILE MATERIALS	127.7	123.2	122.1	131.0
METAL MATERIALS	78.5	76.8	73.3	76.8
OTHER RAW MATERIALS	102.6	106.0	108.9	117.4
MINERAL FUELS	113.7	112.5	104.2	107.0
CHEMICALS	87.	0.6	87.6	80.6
MACHINERY	103.4	97.7	91.0	88.9
MISCELLANEOUS	89.2	86.6	86.0	89.4
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VOLUME INDEX - 1973

EXPORTS:

	JAN	FEB	MAR	APR
OVERALL	95.5	135.5	142.2	130.8
FOOD	63.3	97.2	92.9	74.0
TEXTILES	64.5	110.9	110.8	96.1
CHEMICALS	111.8	147.0	145.3	135.2
NONMETALLIC MATERIALS	65.1	91.3	99.6	93.0
METALS	100.8	122.8	138.7	123.5
MACHINERY	107.2	158.9	163.6	155.7
MISCELLANEOUS	61.5	90.7	79.1	85.9

IMPORTS:

OVERALL	118.8	122.6	136.8	132.8
FOOD	110.5	111.4	143.2	135.7
TEXTILE MATERIALS	119.0	132.4	141.9	128.0
METAL MATERIALS	128.9	117.5	134.4	125.1
OTHER RAW MATERIALS	105.5	112.0	119.1	120.9
MINERAL FUELS	121.8	114.0	129.5	124.5
CHEMICALS	124.2	136.7	136.8	135.5
MACHINERY	103.6	96.9	120.5	109.3
MISCELLANEOUS	142.0	161.8	175.9	192.5

6(B) BOJ INDICES: 1970-100

PRICE INDEX - 1973

	JAN	FEB	MAR	APR	MAY
OVERALL	99.5	99.4	99.9	101.3	102.6
TEXTILES	100.0	102.7	105.8	108.8	109.2
METALS	98.4	98.6	98.7	99.6	103.2
ELEC. MACHINERY	97.0	94.8	94.5	95.3	95.8

TRANSPORTATION MACH.	108.8	109.2	109.7	109.7	109.6
PRECISION MACHINERY	95.1	93.8	93.8	94.7	95.3
CHEMICALS	87.7	87.0	87.3	90.3	92.3
MISCELLANEOUS	101.6	101.2	101.6	104.3	106.0

IMPORTS:

OVERALL	106.9	105.1	106.5	105.8	108.4
FOOD	117.0	118.4	122.4	124.6	128.5
TEXTILES	147.1	154.7	172.0	155.7	161.9
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METALS	79.6	77.5	78.9	80.9	81.7
MACH. AND EQUIPMENT	93.3	91.4	90.3	89.8	91.1
MINERAL FUELS	112.9	106.3	105.4	105.5	110.7
WOOD & LUMBER	135.4	136.4	139.5	138.9	135.7
MISCELLANEOUS	104.8	101.9	98.0	97.6	100.8

7. FOLLOWING ARE JAN- MAY 73 PERCENTAGE CHANGES IN BOJ
EXPORT AND IMPORT PRICE INDICES FOR SPECIAL GROUPS. THESE
FIGURES UPDATE COLUMN 3, ENCLOSURE NO. 1 OF TOKYO A-478
REFERRED TO IN PARA 5(B) ABOVE.

JAN- MAY 73

(PERCENT)

EXPORTS:

CAPITAL GOODS	PLUS1.1
DURABLE CONSUMER GOODS	MINUS0.5
NONDURABLE CONSUMER GOODS	PLUS2.0
SUPPLIES AND RAW MATERIALS	PLUS6.5

IMPORTS:

CAPITAL GOODS	MINUS2.7
DURABLE CONSUMER GOODS	PLUS2.2
NONDURABLE CONSUMER GOODS	PLUS6.6
SUPPLIES AND RAW MATERIALS:	PLUS1.6
RAW MATERIALS	PLUS1.4
MINERAL FUELS	MINUS1.9
SEMI- FINISHED GOODS	PLUS5.5
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*** Current Handling Restrictions *** n/a

*** Current Classification *** UNCLASSIFIED

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Draft Date: 20 JUN 1973
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Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
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Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
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Document Unique ID: 00
Drafter: n/a
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